



©IFAD/Nana Kofi Acquah

# Investing in rural people in **Ghana**

## **Rural poverty in Ghana**

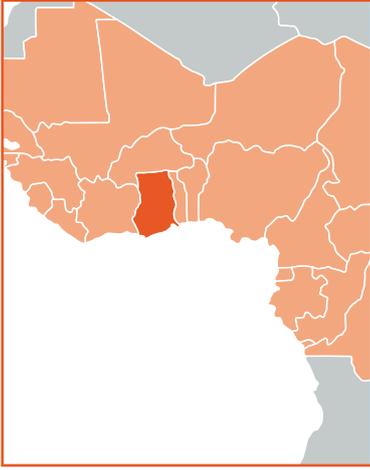
Since the mid-1980s, Ghana's impressive development has made the country one of the strongest performers in Africa, although economic challenges and a fiscal deficit are currently slowing down the pace of growth.

IFAD is heavily involved in investing in rural people to help them improve their farm and off-farm activities. This is a result of Ghana's robust democracy and a strong commitment to attract foreign and domestic investment to provide opportunities for rural young women and men.

Ghana ranks 138 out of 187 countries and territories in the United Nations Development Programme's 2013 Human Development Index – a comparative measure of life expectancy, education and income for countries worldwide.

While Ghana's overall poverty rate has declined, the three regions in the north have seen only marginal decreases. Poverty rates in the north are two to three times the national average, and chronic food insecurity remains a critical challenge there.

The dry savannah region covers roughly two thirds of Ghana's northern territory. Unlike the south, where there are two growing seasons, the northern plains are drought-prone and vulnerable to climate change and present relatively limited economic opportunities.



Small-scale farmers in Ghana's poor rural areas have limited access to the assets that would facilitate a shift from low-productivity subsistence farming to modern, commercial agriculture. Major constraints to their livelihoods include lack of infrastructure and insufficient access to equipment – such as agricultural inputs and technology, and facilities for storing, processing and marketing products.

With few employment options available, many young men and women leave their villages for urban centres. This migration leads to an ageing and generally less dynamic population in rural areas. High rates of youth unemployment and social disparities heighten the dangers of social tension.

## Eradicating rural poverty in Ghana

The Government of Ghana is committed to reducing poverty through agricultural and rural development. To that end, its 2014-2017 Ghana Shared Growth and Development Agenda II (GSGDA II) stresses the need to focus on agriculture, fisheries, small and medium-scale enterprises, and sanitation – with special attention to the dry savannah region in the north.

GSGDA II also acknowledges the importance of investing in:

- Enhancing the competitiveness of Ghana's private sector
- Accelerating agricultural development and natural resource management
- Improving infrastructure, human resource development and job creation
- Consolidating transparent, accountable and efficient governance.



In addition, the agenda underscores the central role of the country's Food and Agriculture Sector Development Policy for 2009-2015, known as FASDEP II. This policy recognizes the importance of supporting agriculture through value chain development. It was the departure point for the Comprehensive Africa Agriculture Development Programme (CAADP) process in Ghana, which became one of the first countries to sign a CAADP compact in October 2009. IFAD is among the signatories to this compact.

The Medium Term Agriculture Sector Investment Plan for 2011-2015 is the national investment road map for implementing FASDEP II. This plan, which underwent a CAADP technical review before its adoption, comprises the following six programmes:

- Food security and emergency preparedness
- Improved growth in incomes
- Increased economic competitiveness and enhanced integration into domestic and international markets
- Sustainable management of land and the environment
- Applied sciences and technology in food and agriculture development
- Enhanced institutional coordination.

To bridge Ghana's north-south economic and social divide, the government has established the Savannah Accelerated Development Initiative as part of its overall northern development strategy. At the heart of this long-term (2010-2030) initiative is the Savannah Accelerated Development Authority, which aims to attract investments to growth corridors in the north.



# IFAD's strategy in Ghana

Projects: 17

Total cost: US\$782.7 million

Total financing from IFAD:  
US\$271.5 million

Directly benefiting:  
3.6 million households

IFAD's overarching objective in Ghana is to reduce poverty in line with the government's economic development strategy. Since it began operations there in 1980, IFAD has approved US\$271.5 million in loans and grants to support 17 projects and programmes worth a total investment cost of US\$782.7 million.

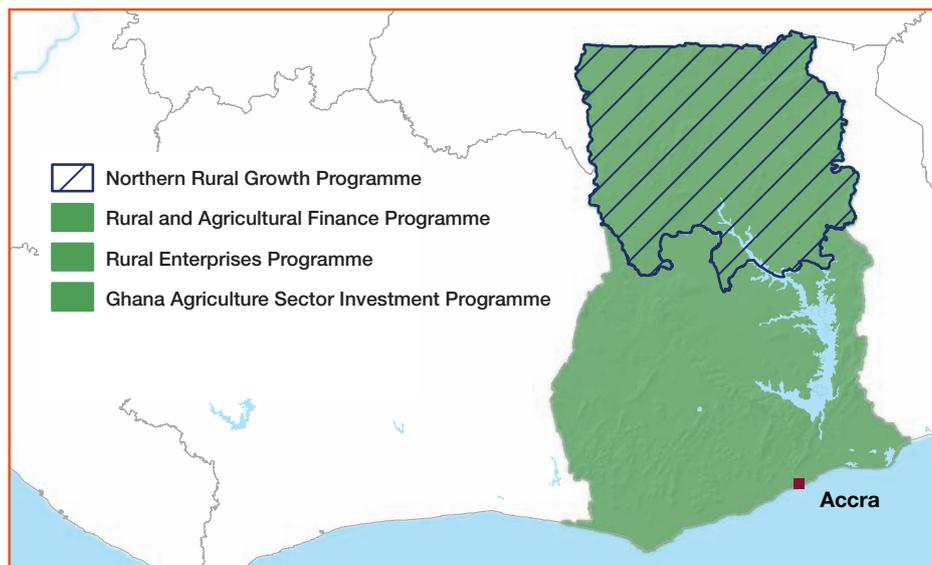
Ghana has the third largest IFAD country programme in the West and Central Africa region. The programme contributes to building inclusive and sustainable institutions, backed by pro-poor investments and policies as well as relevant innovation and learning. IFAD supports the main thrusts of the government's Ghana Shared Growth and Development Agenda – including accelerated agricultural modernization, sustainable natural resource management and enhanced private-sector competitiveness. Its work also aligns with Ghana's Medium Term Agriculture Sector Investment Plan on food security, income growth and other programme areas related to rural poverty reduction.

IFAD-financed projects in Ghana develop models enabling small rural entrepreneurs to overcome their constraints, enhance their asset base and become more competitive. Participatory planning, testing, monitoring and evaluation of the financial, economic and environmental outcomes of these projects are integral to IFAD's approach. The business advisory centres promoted by the IFAD-supported Rural Enterprises Programme, for example, show how structures implemented at the district level can be replicated and scaled up through testing, learning and refinement.

The country programme helps entrepreneurial poor people respond to livelihood opportunities in their communities, targeting women, small farmers and, in particular, rural young people. Investment priorities are based on market demand and opportunities for public-private partnerships.

With the establishment of a country office in Ghana in 2011, IFAD's collaboration with government agencies, civil society, farmers' organizations, development partners, the corporate private sector, academia and research institutions has significantly increased. IFAD is engaging in policy dialogue and knowledge management to build links with its partners' programmes to foster complementarity and synergy between IFAD-funded projects and other interventions, and with the aim of scaling up the impact of its investment in Ghana.

# Ongoing operations



## Ghana Agricultural Sector Investment Programme (GASIP)

The programme aims at providing a framework and institutional basis for a long-term engagement and financing for scaling up investments in private sector-led pro-poor agricultural value chain development. GASIP is designed as a long-term programme that will be implemented in cycles of three years each. The initial design covers the first two cycles or six years, with significant core financing earmarked by IFAD. Prior to the end of each cycle, the progress will be assessed for the preparation of the subsequent cycle for which additional financing can be mobilized based on performance, need and availability of resources. This approach is expected to institutionalize permanent learning among programme stakeholders.

GASIP is built along four strategic axes:

- Linking smallholder farmers to agribusinesses to enhance pro-poor growth
- Nationwide scaling up of a successful value chain investment approach
- Promoting and mainstreaming climate change resilience approaches in Ghana, in particular in the northern regions, financed through the Adaptation for Smallholder Agriculture Programme (ASAP)
- Knowledge management, harmonization of intervention approaches and policy support.

Value chains will be selected and supported based on the market, demand as well as technical and commercial viability, private-sector investment potential and expected income growth for the programme's target group, i.e. smallholder farmers and resource-poor rural people, in particular women, young people (15-24 years of age) and young adults (25-34 years of age). Based on available data and evidence, initial support will focus on cassava, yam, maize, sorghum, fruit and vegetables.

## Rural Enterprises Programme (REP)

Based on the good performance and results achieved in the second phase of the Rural Enterprises Project, the Ministry of Trade and Industry has now transformed the project into a nationwide programme covering almost all (161) rural districts in Ghana, by mainstreaming it within the public and private institutional system.

REP scales up activities designed to improve the target population's access to business development services, appropriate technology and skills, and financial services.

Total cost: US\$113.0 million  
 Approved IFAD loan: US\$36.6 million  
 IFAD ASAP: US\$10.0 million  
 Duration: 2014-2017  
 Directly benefiting: 120,200 households  
 Cofinancing: (To be determined)  
 US\$35.0 million

Total cost: US\$185.1 million  
 Approved IFAD loan: US\$31.5 million  
 Duration: 2012-2020  
 Directly benefiting: 68,000 households  
 Cofinancing: African Development Bank  
 US\$70.0 million

It creates an enabling institutional, regulatory and policy environment for the growth of rural micro and small enterprises.

The programme targets the entrepreneurial poor who are able to convert capacity-building support from REP into assets, with little or no additional support. It boosts and improves the livelihoods of micro and small entrepreneurs, and increases the number of rural enterprises that generate profit, growth and employment opportunities nationwide.

### Rural and Agricultural Finance Programme (RAFiP)

Total cost: US\$41.9 million  
Approved IFAD loan: US\$15.0 million  
Duration: 2010-2016  
Directly benefiting: 1,000,000 households  
Cofinancing: Italy US\$1.5 million

Implemented by the Ministry of Finance, RAFiP works to provide poor rural people and smallholder farmers with improved access to financial services, technical assistance and risk management instruments. By connecting farmers with rural finance institutions, the programme seeks to support and improve sustainable livelihoods for the most vulnerable segments of the rural population, particularly women and young people.

As key RAFiP partners, Ghana's rural finance and microfinance institutions (RMFIs) have demonstrated an ability to enhance their own performance and a willingness to support an inclusive rural finance environment. The programme promotes innovation in the microfinance sector, because it is vital that financial approaches, products and services be designed to address the specific needs of poor rural people.

RAFiP also supports Ghana's RMFIs and the wider rural financial system by enhancing institutional performance, public outreach and client orientation. The programme thus strengthens agricultural value chains and provides smallholder farmers with an opportunity to maximize the productive potential of their lands.

To achieve its objectives, RAFiP has developed close partnerships with DANIDA, GIZ, USAID and the World Bank, who are supporting parallel initiatives and programmes to enhance financial inclusion and agricultural finance in Ghana.

### Northern Rural Growth Programme (NRGP)

Total cost: US\$103.6 million  
Approved IFAD loan: US\$22.3 million  
Approved IFAD grant: US\$400,000  
Duration: 2008-2016  
Directly benefiting: 45,000 households  
Cofinancing: AfDB US\$61.2 million

NRGP is implemented by the Ministry of Food and Agriculture to contribute to agricultural and rural growth and poverty reduction in northern Ghana, where many of the poorest people live.

The programme works with poor rural people to develop income-generating agricultural activities supplementing subsistence farming, which currently predominates in the north. NRGP also supports the process through which the resulting commodities are directed towards markets in southern Ghana and abroad. Ultimately, the goal is to achieve sustainable rural livelihoods and food security in northern Ghana, particularly for people who are dependent on marginal lands, rural women and other vulnerable groups.

NRGP focuses on strengthening the linkages among the various actors in agricultural value chains – including producers and their organizations, suppliers, service providers, financial institutions, aggregators, 'off-takers' (such as processors, traders and exporters), researchers and administrators. The programme supports public-private partnership arrangements to ensure smallholders' access to finance and markets. It backs up these arrangements with technical assistance and institutional support, as well as investments in productive infrastructure and technology.



©IFAD/Nana Kofi Acquah

## Completed operations

### Root and Tuber Improvement and Marketing Programme (RTIMP)

Total cost: US\$32.1 million

Approved IFAD loan: US\$19.0 million

Duration: 2006-2014

Directly benefiting: 180,000 households

Cofinancing: European Commission US\$1.3 million; Global Environmental Facility US\$2.5 million; OPEC Fund for International Development US\$0.5 million

### Rural Enterprises Project – Phase II

Total cost: US\$29.3 million

IFAD loan: US\$11.2 million

Duration: 2003-2012

Directly benefiting: 80,000 households

### Northern Region Poverty Reduction Programme

Total cost: US\$59.6 million

IFAD loan: US\$12.3 million

Duration: 2004-2011

Directly benefiting: 280,000 households

### Rural Financial Services Project

Total cost: US\$23.0 million

IFAD loan: US\$11.0 million

Duration: 2002-2008

Directly benefiting: 330,000 households

### Upper-East Region Land Conservation and Smallholder Rehabilitation Project – Phase II

Total cost: US\$13.9 million

IFAD loan: US\$11.5 million

Duration: 2000-2006

Directly benefiting: 34,400 households

### Root and Tuber Improvement Programme

Total cost: US\$10.1 million

IFAD loan: US\$9.0 million

Duration: 1999-2005

Directly benefiting: 750,000 households

### Village Infrastructure Programme

Total cost: US\$60.0 million

IFAD loan: US\$10.0 million

Duration: 1998-2004

Directly benefiting: 500,000 households

### Upper West Agricultural Development Project

Total cost: US\$11.3 million

IFAD loan: US\$10.1 million

Duration: 1996-2004

Directly benefiting: 18,400 households

## Enterprises Project

Total cost: US\$9.3 million

IFAD loan: US\$7.7 million

Duration: 1995-2002

Directly benefiting: 16,000 households

## Upper-East Region Land Conservation and Smallholder Rehabilitation Project

Total cost: US\$15.0 million

IFAD loan: US\$12.5 million

Duration: 1991-1997

Directly benefiting: 40,000 households

## Smallholder Credit, Input Supply and Marketing Project

Total cost: US\$21.2 million

IFAD loan: US\$16.6 million

Duration: 1991-1998

Directly benefiting: 110,000 households

## Smallholder Rehabilitation and Development Programme

Total cost: US\$16.8 million

IFAD loan: US\$12.2 million

Duration: 1988-1995

Directly benefiting: 6,720 households

## Volta Region Agricultural Development Project

Total cost: US\$49.8 million

IFAD loan: US\$12.5 million

Duration: 1981-1988

Directly benefiting: 60,000 households



©IFAD/Nana Kofi Acquah

# Building a poverty-free world

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided over US\$16.3 billion in grants and low-interest loans to projects that have reached about 438 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

### Contact

Ulaş Demirag  
Country Programme Manager/Representative  
IFAD Country Office  
69 Dr. Isert Road  
8th Avenue Extension  
(Adjacent Embassy of Denmark)  
P.O. 1423  
Accra, Ghana  
Tel: +233 302 215694  
E-mail: [u.demirac@ifad.org](mailto:u.demirac@ifad.org)

For further information on rural poverty in Ghana visit the Rural Poverty Portal: [www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)



Investing in rural people

International Fund for Agricultural Development  
Via Paolo di Dono, 44 - 00142 Rome, Italy  
Tel: +39 06 54591 - Fax: +39 06 5043463

E-mail: [ifad@ifad.org](mailto:ifad@ifad.org)

[www.ifad.org](http://www.ifad.org)

[www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)

[ifad-un.blogspot.com](http://ifad-un.blogspot.com)

[www.facebook.com/ifad](http://www.facebook.com/ifad)

[instagram.com/ifadnews](https://www.instagram.com/ifadnews)

[www.twitter.com/ifadnews](https://www.twitter.com/ifadnews)

[www.youtube.com/user/ifadTV](https://www.youtube.com/user/ifadTV)

March 2015